

CONSUMER INCOME & WEALTH

3.1 Household Income

The U.S. Census Bureau (www.census.gov) reports median U.S. incomes in *Income and Poverty in the United States: Current Population Reports*, published annually in September.

The September 2017 edition reported 2016 incomes as follows:

- Nominal median income per capita: \$31,099
- Mean income per capita: \$46,550
- Real median household income: \$59,039
- Real median family income: \$72,707

Median household income, adjusted for inflation, has been as follows (change from previous year in parenthesis):

- | | |
|--------------------------|--------------------------|
| • 1997: \$55,218 (2.1%) | • 2007: \$58,149 (1.3%) |
| • 1998: \$57,248 (3.7%) | • 2008: \$56,076 (-3.6%) |
| • 1999: \$58,665 (2.5%) | • 2009: \$55,683 (-0.7%) |
| • 2000: \$58,544 (-0.2%) | • 2010: \$54,245 (-2.6%) |
| • 2001: \$57,246 (-2.2%) | • 2011: \$53,401 (-1.6%) |
| • 2002: \$56,599 (-1.1%) | • 2012: \$53,331 (-0.1%) |
| • 2003: \$56,528 (-0.1%) | • 2013: \$55,214 (3.5%) |
| • 2004: \$56,332 (-0.3%) | • 2014: \$54,398 (-1.5%) |
| • 2005: \$56,935 (1.1%) | • 2015: \$57,230 (5.2%) |
| • 2006: \$57,379 (0.8%) | • 2016: \$59,039 (3.2%) |

3.2 Income Distribution

In 2016, median household income of \$59,039 was distributed as follows (source: Census Bureau; change from previous year in parenthesis):

Household

- Family households: \$75,062 (2.7%)
 - Married-couple: \$87,057 (1.6%)
 - Female householder: \$41,027 (7.2%)
 - Male householder: \$58,051 (2.6%)
- Non-family households: \$35,761 (4.5%)
 - Female householder: \$30,572 (4.0%)
 - Male householder: \$41,749 (1.1%)

Age of Householder

• 15-to-24:	\$41,655 (13.9%)
• 25-to-34:	\$60,932 (4.9%)
• 35-to-44:	\$74,481 (3.0%)
• 45-to-54:	\$77,213 (3.2%)
• 55-to-64:	\$65,239 (2.6%)
• 65 and older:	\$39,823 (2.1%)

Race/Ethnicity

• African-American:	\$39,490 (5.7%)
• Asian-American:	\$81,431 (4.2%)
• Caucasian:	\$61,858 (1.6%)
• Hispanic:	\$47,675 (4.3%)

Region

• Northeast:	\$64,390 (2.3%)
• West:	\$64,275 (3.3%)
• Midwest:	\$53,861 (0.9%)
• South:	\$53,861 (3.9%)

Community

• Inside metropolitan areas:	\$61,521 (2.5%)
• Outside metropolitan areas:	\$45,830 (1.3%)

Nativity

• U.S. born:	\$59,781 (3.3%)
• Foreign born:	\$55,559 (4.9%)
- Naturalized citizen:	\$63,894 (1.8%)
- Not a citizen:	\$48,066 (5.2%)

3.3 Income By State

Median income by state in 2016 was as follows (source: Census Bureau; change from previous year in parenthesis):

• Alabama:	\$46,257 (2.4%)
• Alaska:	\$76,440 (3.1%)
• Arizona:	\$53,558 (2.9%)
• Arkansas:	\$44,334 (4.2%)
• California:	\$67,739 (4.1%)
• Colorado:	\$65,685 (1.7%)
• Connecticut:	\$73,433 (1.8%)
• Delaware:	\$61,757 (-0.2%)
• District of Columbia:	\$75,506 (-0.6%)

- Florida: \$50,860 (2.0%)
- Georgia: \$53,559 (3.5%)
- Hawaii: \$74,511 (0.1%)
- Idaho: \$51,807 (6.3%)
- Illinois: \$60,960 (1.4%)
- Indiana: \$52,314 (2.8%)
- Iowa: \$56,247 (1.9%)
- Kansas: \$54,935 (0.8%)
- Kentucky: \$46,659 (2.5%)
- Louisiana: \$45,146 (-2.1%)
- Maine: \$53,079 (1.9%)
- Maryland: \$78,945 (3.1%)
- Massachusetts: \$75,297 (5.8%)
- Michigan: \$52,492 (1.8%)
- Minnesota: \$65,599 (2.2%)
- Mississippi: \$41,754 (2.1%)
- Missouri: \$51,746 (2.2%)
- Montana: \$50,027 (0.2%)
- Nebraska: \$56,927 (2.6%)
- Nevada: \$55,180 (3.5%)
- New Hampshire: \$70,936 (0.2%)
- New Jersey: \$76,126 (3.9%)
- New Mexico: \$46,748 (2.3%)
- New York: \$62,909 (2.6%)
- North Carolina: \$50,584 (4.5%)
- North Dakota: \$60,656 (-0.5%)
- Ohio: \$52,334 (1.4%)
- Oklahoma: \$49,176 (0.2%)
- Oregon: \$57,532 (5.1%)
- Pennsylvania: \$56,907 (1.2%)
- Rhode Island: \$60,596 (3.0%)
- South Carolina: \$49,501 (3.6%)
- South Dakota: \$54,467 (1.3%)
- Tennessee: \$48,547 (1.5%)
- Texas: \$56,565 (0.8%)
- Utah: \$65,977 (3.4%)
- Vermont: \$57,677 (0.2%)
- Virginia: \$68,114 (1.8%)
- Washington: \$67,106 (3.6%)
- West Virginia: \$43,385 (1.8%)
- Wisconsin: \$56,811 (1.2%)
- Wyoming: \$59,882 (-1.1%)

3.4 Household Wealth

According to the *Survey of Consumer Finances*, published every three years by the Federal Reserve (www.federalreserve.gov), median household net wealth, adjusted for inflation, has been as follows:

- 1989: \$ 87,500
- 1992: \$ 83,100
- 1995: \$ 90,600
- 1998: \$105,800
- 2001: \$117,300
- 2004: \$118,400
- 2007: \$139,700
- 2010: \$ 85,400
- 2013: \$ 83,700
- 2016: \$ 97,300

From 2007 to 2010, median inflation-adjusted net worth (e.g. wealth) fell 38.8% to \$77,300, the same level as in 2001. This drop is attributed to the Great Recession. After almost a decade of decline, household wealth is growing again. Median household net worth in 2016 rose 16% from 2013, although still 30% below the 2007 peak.

Components of household net worth in 2016, and changes from 2013 and 2007 were as follows:

	2016	Chg. from 2013	Chg. from 2007
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3.5 Market Resources

Household Income Trends, Sentier Research. (www.sentierresearch.com)

Income and Poverty In The United States, Census Bureau.
(www.census.gov/topics/income-poverty.html)

Panel Study of Income Dynamics, University of Michigan.
(<http://psidonline.isr.umich.edu>)

Survey of Consumer Finances, Federal Reserve.
(www.federalreserve.gov/econres/scfindex.htm)

CONSUMER SPENDING

4.1 Consumer Contribution to the GDP

According to the Bureau of Economic Analysis (www.bea.gov), real gross domestic product (GDP) – the output of goods and services produced by labor and property located in the United States – was \$19.36 trillion in 2017, or \$59,500 per capita. Consumer spending (i.e. personal consumption expenditures) was \$13.45 trillion, or 69.5% of GDP.

4.2 Spending Assessment

According to the *Consumer Expenditure Survey*, published by the Bureau of Labor Statistics (BLS, www.bls.gov) in April 2018, average spending per household was \$57,311 in 2016, a 2.4% increase from the previous year. Spending was distributed as follows (change from previous year in parenthesis):

- Housing: \$18,886 (2.6%)
- Transportation: \$ 9,049 (-4.8%)
- Food: \$ 7,203 (2.6%)
 - At home: \$ 4,049 (0.8%)
 - Away from home: \$ 3,154 (4.9%)
- Personal insurance and pensions: \$ 6,831 (7.6%)
- Healthcare: \$ 4,612 (6.2%)
- Entertainment: \$ 2,913 (2.5%)
- Cash contributions: \$ 2,081 (14.4%)
- Apparel and services: \$ 1,803 (-2.3%)
- Education: \$ 1,329 (1.1%)
- Personal care products and services: \$ 707 (3.5%)
- All other expenditures: \$ 1,898 (2.7%)

The BLS provides regional consumer spending surveys for the following metropolitan areas: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas-Fort Worth, Detroit, Houston, Los Angeles, Miami, Minneapolis, New York, Phoenix, Philadelphia, San Diego, San Francisco, Seattle, and Washington, D.C., available online at www.bls.gov/cex/csxregreleases.htm.

4.3 Household Spending

According to the *Consumer Expenditure Survey*, average annual household spending has been as follows:

- 2000: \$52,303
- 2006: \$56,833
- 2010: \$52,230
- 2011: \$52,312
- 2012: \$53,042
- 2013: \$51,100
- 2014: \$53,495
- 2015: \$55,978
- 2016: \$57,311

4.4 Retail Spending

According to the Census Bureau (www.census.gov) of the U.S. Department of Commerce, total U.S. retail spending was \$5.75 trillion in 2017, a 4.2% gain from 2016.

Spending at GAFO (general merchandise, apparel, furnishings, and other) stores was \$1.28 trillion in 2017, a 1.6% gain from 2016.

Total retail and GAFO spending have been as follows:

	Total Retail	GAFO
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GAFO spending was distributed by month in 2017 as follows:

- January: \$ 89.4 billion
- February: \$ 91.2 billion
- March: \$103.1 billion
- April: \$100.8 billion
- May: \$104.9 billion
- June: \$103.0 billion
- July: \$102.5 billion
- August: \$108.8 billion
- September: \$100.9 billion
- October: \$103.1 billion

- November: \$120.3 billion
- December: \$151.4 billion

4.5 Spending By Category

Retail spending in 2017 for stores in the GAFO categories was as follows (change from previous year in parenthesis):

- General merchandise stores, including leased departments (NAICS 452): \$691.9 billion (2.4%)
 - Superstores and warehouse clubs (NAICS 45291): \$465.2 billion (3.2%)
 - Discount department stores, including leased departments (NAICS 452112): \$ 98.2 billion (-2.1%)
 - Variety stores and miscellaneous (NAICS 45299): \$ 74.9 billion (6.2%)
 - Conventional and national chain department stores, including leased departments (NAICS 452111): \$ 55.2 billion (-5.8%)
- Apparel and accessories stores (NAICS 448): \$260.7 billion (0.9%)
 - Family clothing (NAICS 44814): \$102.1 billion (1.6%)
 - Women's ready-to-wear (NAICS 44812): \$ 39.4 billion (-2.7%)
 - Shoe stores (NAICS 4482): \$ 35.6 billion (-1.4%)
 - Jewelry stores (NAICS 44831): \$ 34.6 billion (5.2%)
 - Men's and boy's clothing (NAICS 44811): \$ 9.1 billion (5.8%)
- Furniture and home furnishings (NAICS 442): \$115.7 billion (4.7%)
- Electronics and appliance stores (NAICS 443): \$ 97.3 billion (-0.3%)
- Sporting goods stores (NAICS 45111): \$ 43.4 billion (-6.2%)
- Hobby, toy, and game stores (NAICS 45112): \$ 19.2 billion (2.7%)
- Used merchandise stores (NAICS 4533): \$ 19.1 billion (11.0%)
- Gift, novelty, and souvenir stores (NAICS 45322): \$ 16.1 billion (-5.8%)
- Office supplies and stationary stores (NAICS 45321): \$ 12.8 billion (-6.6%)
- Book stores (NAICS 451211): \$ 10.7 billion (-3.6%)

Retail spending in non-GAFO retail categories in 2017 was as follows:

- Motor vehicles and parts stores (NAICS 441): \$1.187 trillion (4.1%)
- Food and beverage stores, not including restaurants (NAICS 445): \$ 718.6 billion (2.4%)
- Restaurants and drinking places (NAICS 722): \$ 678.6 billion (2.8%)
- Non-store retailers (NAICS 454): \$ 624.0 billion (10.2%)
- Gasoline stations (NAICS 447): \$ 455.9 billion (8.9%)
- Building materials, home improvement and gardening equipment, and supplies dealers (NAICS 444): \$ 378.4 billion (8.0%)
- Health and personal care stores, including pharmacies and drug stores (NAICS 446): \$ 330.8 billion (0.5%)

4.6 Spending By State

According to the National Retail Federation (NRF, www.nrf.com), retail spending in 2017 was distributed by state as follows:

	Retail Spending	Pct. of National Total
• Alabama:	\$ 52.69 billion	1.50%
• Alaska:	\$ 9.13 billion	0.26%
• Arizona:	\$ 78.69 billion	2.24%
• Arkansas:	\$ 31.96 billion	0.91%
• California:	\$418.06 billion	11.90%
• Colorado:	\$ 59.72 billion	1.70%
• Connecticut:	\$ 43.91 billion	1.25%
• Delaware:	\$ 12.99 billion	0.37%
• District of Columbia:	\$ 5.26 billion	0.15%
• Florida:	\$256.46 billion	7.30%
• Georgia:	\$105.74 billion	3.01%
• Hawaii:	\$ 17.56 billion	0.50%
• Idaho:	\$ 17.91 billion	0.51%
• Illinois:	\$142.28 billion	4.05%
• Indiana:	\$ 69.91 billion	1.99%
• Iowa:	\$ 32.32 billion	0.92%
• Kansas:	\$ 27.75 billion	0.79%
• Kentucky:	\$ 44.26 billion	1.26%
• Louisiana:	\$ 46.72 billion	1.33%
• Maine:	\$ 17.91 billion	0.51%
• Maryland:	\$ 69.91 billion	1.99%
• Michigan:	\$108.90 billion	3.10%
• Minnesota:	\$ 63.23 billion	1.80%
• Mississippi:	\$ 31.26 billion	0.89%
• Missouri:	\$ 69.20 billion	1.97%
• Montana:	\$ 12.64 billion	0.36%
• Nebraska:	\$ 21.78 billion	0.62%
• Nevada:	\$ 40.05 billion	1.14%
• New Hampshire:	\$ 23.53 billion	0.67%
• New Jersey:	\$109.61 billion	3.12%
• New Mexico:	\$ 21.78 billion	0.62%
• New York:	\$208.33 billion	5.93%
• North Carolina:	\$101.53 billion	2.89%
• North Dakota:	\$ 8.78 billion	0.25%
• Ohio:	\$119.09 billion	3.39%
• Oklahoma:	\$ 35.13 billion	1.00%
• Oregon:	\$ 44.61 billion	1.27%
• Pennsylvania:	\$142.98 billion	4.07%
• Rhode Island:	\$ 11.94 billion	0.34%
• South Dakota:	\$ 11.24 billion	0.32%

- Tennessee: \$ 73.77 billion 2.10%
- Texas: \$263.13 billion 7.49%
- Utah: \$ 29.51 billion 0.84%
- Vermont: \$ 8.78 billion 0.25%
- Virginia: \$ 92.39 billion 2.63%
- Washington: \$ 79.39 billion 2.26%
- West Virginia: \$ 18.97 billion 0.54%
- Wisconsin: \$ 63.23 billion 1.80%
- Wyoming: \$ 7.37 billion 0.21%

4.7 Market Resources

Bureau of Economic Analysis, 1441 L Street NW, Washington, DC 20230.
(202) 606-9900. (www.bea.gov)

Consumer Expenditures, Bureau of Labor Statistics.
(www.bls.gov/news.release/cesan.nr0.htm)

Consumer Price Index Summary, Bureau of Labor Statistics (www.bls.gov/cpi)

Estimates Of Monthly Retail and Food Services Sales By Kind Of Business, U.S. Department of Commerce. (www.census.gov/retail/marts/www/marts_current.pdf)

Monthly and Annual Retail Trade, U.S. Department of Commerce.
(www.census.gov/retail)

National Retail Federation, 1101 New York Avenue NW, Washington, DC 20005.
(202) 783-7971. (www.nrf.com)

CONSUMER DEBT

5.1 Total U.S. Household Debt

According to the *Quarterly Report On Household Debt and Credit*, by the Federal Reserve Bank of New York (www.newyorkfed.org), total U.S. household debt at the end of First Quarter 2018 was \$13.21 trillion, distributed as follows:

- Mortgages: \$8.94 trillion
- Student loans: \$1.41 trillion
- Motor vehicle loans: \$1.23 trillion
- Credit cards/revolving credit: \$ 815 billion
- Home equity line of credit: \$ 436 billion

The First Quarter 2018 report provided the following assessment of delinquencies, bankruptcies, and credit inquiries:

- Credit card delinquency rates rose by about half a percentage point, with 8% of balances 90 or more days delinquent.
- For student loans, 10.7% of aggregate debt was 90 or more days delinquent or in default at the end of the first quarter, a decline of three-tenths of a percentage point from the previous quarter.
- Auto loan delinquency rates edged higher, with 4.3% of auto loan balances 90 or more days delinquent.
- About 192,000 consumers had a bankruptcy notation added to their credit reports in the first quarter, the lowest observed in the 19 year history of the assessment.
- The number of credit inquiries within the past six months – an indicator of consumer credit demand – declined in the first quarter to 146 million, the lowest level seen in the history of the assessment.

5.2 Household Debt

There are 126.2 million households in the United States. The average debt per household at the end of First Quarter 2018 was \$106,675, distributed as follows:

- Mortgages: \$70,840
- Student loans: \$11,172
- Motor vehicle loans: \$ 9,746
- Credit cards/revolving credit: \$ 6,458
- Home equity line of credit: \$ 3,454

Mortgage debt accounts for about 70% of total consumer debt. Sixty-six percent (66%) of adults have mortgages on their homes, according to The Harris Poll (www.theharrispoll.com).

According to The Federal Home Loan Mortgage Corporation (FHLMC), known as Freddie Mac (www.freddiemac.com), homeowners are shortening the terms of their mortgages. Since 2011, over one-third of refinancees paid off a 30-year loan and switched to a 20- or 15-year loan.

According to the Federal Reserve Bank of New York, approximately 49% of households have credit card debt. Among those with credit card debt, the average was \$15,762 per household at year-end 2015.

Many consumers have given up using credit cards entirely. According to the Federal Reserve, 30% of families have no credit cards.

5.3 Student Loans

About two-thirds of bachelor's degree recipients borrow money to attend college, either from the government or private lenders, according to the U.S. Department of Education (www.ed.gov).

Outstanding educational debt has been as follows (source: Federal Reserve):

- 2008: \$ 731 billion
- 2009: \$ 832 billion
- 2010: \$ 912 billion
- 2011: \$1.01 trillion
- 2012: \$1.13 trillion
- 2013: \$1.22 trillion
- 2014: \$1.20 trillion
- 2015: \$1.23 trillion
- 2016: \$1.29 trillion
- 2017: \$1.38 trillion

The National Center for Education Statistics (www.nces.ed.gov) reports the percentage of households with education loans, by age of householder, as follows:

- Under 35: 44.8%
- 35-to-44: 34.4%
- 45-to-54: 23.8%
- 55-to-64: 12.9%

The Harris Poll (www.theharrispoll.com) found that 36% of U.S. adults are currently paying or have paid student debt in the past, a figure relatively unchanged since 2013. Among these debtors, 39% say they have put off savings toward retirement, 30% have delayed buying or leasing a new car, and 30% have delayed buying a home.

A 2017 study by the National Center for Education Statistics looked at the status among beginning post-secondary students who entered school in 1995-1996. Among the 55% who took out federal education loans, 70% of the amount of the loans were still owed, and after 20 years (in 2017), 1994-1995 students still owed 22% of their education loan amount.

“Most college students take out loans to pay for their education, and many are still paying them back decades later. Those loans never die, apparently.”

Demo Memo, 10/27/17

5.4 Market Resources

Quarterly Report On Household Debt and Credit, Federal Reserve Bank of New York.
(www.newyorkfed.org/microeconomics/hhdc.html)

Survey of Consumer Finances, Federal Reserve.
(www.federalreserve.gov/econresdata/scf/scfindex.htm)

PURCHASE DECISION MAKING

47.1 Top Priorities

A study by Duke University's Fuqua School of Business, commissioned by the American Marketing Association (www.ama.org), reported top expectations of businesses as follows:

- Quality: 31.0%
- Trust: 18.7%
- Service: 17.9%
- Low price: 16.8%
- Innovation: 9.1%
- Brand: 6.6%

47.2 Deciding Where To Shop

In a survey by The NPD Group (www.npd.com), consumers said the following were extremely important factors in deciding where to shop (percentage of respondents):

- Price: 85%
- Sales and special deals: 75%
- Convenience of location: 60%
- Ease of shopping: 60%
- Customer service: 56%

A survey by TimeTrade (www.timetrade.com) asked adults the main reason they decided to purchase a product at a specific store when choosing between four retailers regarding an item with the same price. Responses were as follows (percentage of respondents):

- The overall in-store experience: 64%
- Quick service: 30%
- Staff knowledge about merchandise: 6%

According to a study by the Society For New Communications Research (www.sncr.org), important factors influencing how consumers form impressions of companies are as follows (percentage of respondents):

	Very Important	Mildly Important
• Quality of products/services:	80%	17%
• Cost of products/services:	55%	37%
• Customer care program:	37%	41%
• Friend, family, other trusted people:	34%	42%
• Customer reviews/ratings on social media:	30%	43%
• Social conscience:	19%	38%
• Rewards program:	18%	42%
• Years company in business:	15%	39%
• Media reports:	13%	43%
• Company ads:	10%	33%
• Social media presence:	7%	21%

47.3 Trust in Shopping Recommendations

According to Nielsen (www.nielsen.com), the following percentages of adults in North America “trust completely” or “trust somewhat” the following forms of advertising/recommendations:

• Recommendations from acquaintances:	82%
• Branded websites:	61%
• Editorial content, such as newspaper articles:	63%
• Consumer opinions posted online:	66%
• Ads on TV:	63%
• Brand sponsorships:	57%
• Ads in newspapers:	65%
• Ads in magazines:	62%
• Billboards and other outdoor advertising:	57%
• Opt-in emails:	64%
• TV program product placements:	53%
• Ads before movies:	56%
• Ads on radio:	60%
• Online video ads:	47%
• Ads on mobile devices:	39%
• Ads on social networks:	42%
• Ads served in search engine results:	49%
• Online banner ads:	41%
• Text ads on mobile phones:	37%

By generation, the percentage of respondents in the Nielsen survey who completely or somewhat trust advertising are as follows:

	Gen Z	Millennials	Gen X	Boomers	Seniors
• Recommendations from acquaintances:	83%	85%	83%	80%	79%
• Branded websites:	72%	75%	70%	59%	50%
• Consumer opinions posted online:	63%	70%	69%	58%	47%

• Editorial content:	68%	68%	66%	60%	55%
• Ads on TV:	58%	67%	64%	55%	48%
• Brand sponsorships:	62%	66%	62%	52%	42%
• Ads in magazines:	57%	62%	61%	50%	46%
• Ads in newspapers:	57%	62%	62%	55%	53%
• Ads before movies:	54%	60%	55%	42%	31%
• Billboards/outdoor advertising:	59%	60%	57%	46%	38%
• Tv program product placements:	51%	60%	56%	42%	39%
• Opt-in emails:	54%	57%	56%	53%	54%
• Ads on radio:	51%	55%	57%	49%	42%
• Online video ads:	45%	53%	50%	37%	27%
• Ads served in search engine results:	43%	52%	50%	41%	33%
• Ads on social networks:	45%	51%	47%	35%	26%
• Ads on mobile devices:	42%	48%	45%	31%	20%
• Online banner ads:	36%	47%	43%	34%	25%
• Text ads on mobile phones:	32%	41%	38%	27%	18%

47.4 Influence Of Social Media

A recent Harris Poll (www.theharrispoll.com) survey asked consumers the likelihood that they would make a purchase based on a friend's post on a social media site. Responses by age were as follows:

	Very Likely	Fairly Likely	Somewhat Likely	Not Likely
• 18-to-34:	9%	19%	40%	33%
• 35-to-44:	9%	13%	31%	47%
• 45-to-54:	4%	8%	28%	60%
• 55-to-64:	1%	7%	24%	67%
• 65 and older:	2%	5%	17%	78%

According to a 2017 survey by Yes Lifecycle Marketing (www.yeslifecyclemarketing.com), consumers, by generation, whose purchasing decisions are influenced by social media are as follows (percentage of respondents):

• Generation Z:	80%
• Millennials:	74%
• Generation X:	58%
• Baby Boomers:	41%

47.5 Influence Of Brand Attributes

A May 2018 survey by Cone Communications (www.conecomm.com) asked adult Internet users the primary brand attribute that influences select actions and attitudes toward a brand. Responses were as follows (percentage of respondents):

	Purpose	Quality	Price
• Have a positive emotional connection to brand:	50%	30%	20%
• Defend brand if people spoke badly of it:	48%	33%	19%
• Would share information about the brand:	45%	33%	23%
• Be proud to be associated with brand/wear logo:	42%	40%	18%
• Be more loyal to brand:	33%	40%	27%
• Suggest to others to buy from the brand:	27%	44%	29%
• Buy products from the brand:	20%	41%	39%

“When making a buying decision, 41% of respondents said product quality was the primary brand attribute driving their buying, and 39% said cost was the most significant factor. By comparison, 20% said a brand’s purpose was the most critical attribute. Similarly, cost and quality outranked purpose when respondents considered whether they would tell others to buy from the company. But the fact that a significant minority of consumers weigh purpose so heavily indicates the broad mandate for brands to look beyond their basic operational focus.”

eMarketer, 6/18/18

47.6 Deals and Bargains

According to *Time*, 40% of items purchased by consumers are at some discount, an increase from 10% of sales in 1990 that were discounted.

In a survey of Millennials by IRI (www.iriworldwide.com), item price ranked as the #1 influencer of brand selection, ahead of previous usage and trust of brands, shopper loyalty cards, and advertising. Eighty-seven percent (87%) of survey respondents said price was among the two top influencers.

“There’s not a weekend where an average specialty retailer in the mall is not offering some kind of 30% to 40% off deal. It certainly feels like the consumer is not shopping unless there’s some kind of deal attached to it. And it’s very hard to pull back when the consumer gets used to buying things on sale.”

Bloomberg Businessweek

47.7 Use Of Coupons

In a survey by Bazaarvoice (www.bazaarvoice.com) and the CMO Council (www.cmocouncil.org), 71% of adult Internet users said their purchase decisions were influenced by coupons and discounts. Coupons and discounts influenced far more U.S. Internet users than any other factor, according to the survey. For comparison, 40% said they were influenced by suggestions from family and friends and 35% were influenced by ads.

“For many U.S. Internet users, decisions are governed by economic factors. Coupons are a major purchase influencer.”

eMarketer

According to the *2K17 Valassis Coupon Intelligence Report*, by Valassis (www.valassis.com), 90% of adults used coupons in 2017, the same percentage as in 2016. The percentages by generation in 2016 and 2017 were as follows:

	2016	2017
• Millennials:	88%	94%
• Generation Xers:	92%	90%
• Baby Boomers:	90%	89%
• All adults:	90%	90%

Frequency of coupon use was as follows:

	2016	2017
• Always:	10%	15%
• Very often:	28%	28%
• Sometimes:	37%	36%
• Rarely:	15%	12%
• Never:	10%	7%

The types of coupons used in 2017 were as follows (percentage of respondents):

	Millennials	Gen Xers	Boomers	All Adults
• Mail:	89%	85%	85%	86%
• In-store:	89%	87%	82%	85%
• Newspaper:	86%	81%	79%	82%
• Print from Internet:	84%	80%	76%	79%
• Smartphone:	89%	79%	54%	71%

Consumers prefer the following types of coupons:

	2016	2017
• Mail:	40%	44%
• Newspaper:	38%	37%
• Internet downloaded to loyalty card:	31%	37%
• Print from Internet:	30%	35%
• Smartphone:	24%	32%

47.8 Impulse Buying

Shapiro+Raj (www.shapiroraj.com) report that every week nearly one-third of all consumers are involved in an impulse purchase. The urge to take advantage of discounts or price promotions accounts for approximately 50% of impulse purchases. Unity Marketing (www.unitymarketingonline.com) found buying on impulse is an important factor in discretionary purchases for approximately 40% of consumers.

“If shoppers bought only what they needed, few retailers would remain in business. Fortunately, impulse buying is a way of life for many consumers.”

Chain Store Age

A survey by Gallup (www.gallup.com) reported the following percentages of consumers had made impulse purchases in the prior month:

- Millennials: 42%
- Generation Xers: 40%
- Baby Boomers: 39%

In a 2017 survey by CreditCards (www.creditcards.com) adults said the primary location/device they use to make impulse purchases was as follows (percentage of respondents):

- In-store: 68%
- Desktop/laptop: 21%
- Smartphone/tablet: 10%
- Other: 1%

“There are lots of reasons consumers don’t like shopping at physical stores, including challenges with comparison shopping and long checkout lines. But if there’s one thing people do prefer to do in a brick-and-mortar setting, it’s make impulse purchases.”

eMarketer, 2/14/18

In a survey by Chase (www.chase.com), 83% of Millennials said they had made an impulse purchase. This was especially likely on payday or when they were cruising shopping websites. In those instances, their urge to purchase items on impulse alone exceeded that of other age groups.

Male Millennial shoppers make slightly fewer impulse purchases than females. When they shop impulsively, 50% of men said they were likely to spend on electronics, compared with only 27% of female shoppers. For female shoppers, 61% said their impulse buys were mostly clothing, while only 43% of men said clothing lured them to impulse shopping. Twenty percent (20%) of female shoppers cited “retail therapy” – the comfort and relief that comes from purchasing something new after a particularly trying day or event – as a primary reason for impulsive shopping, compared with 9% of males. Seven in 10 women have made impulse purchases after seeing price promotions; 60% of men have done so.

47.9 Buying Direct From Brands

The *Consumer Preferences Survey*, by BrandShop (www.brandshop.com), found that 82% of online shoppers would prefer to have the option of buying direct from brands or an online retailer. Given the option, 88% would buy direct from the brand.

In an August 2017 survey by Astound Commerce (www.astoundcommerce.com), 55% of shoppers said they prefer to shop directly with brand manufacturers rather than with retailers. The survey found reasons why consumers shop online with brand manufacturers as follows (percentage of respondents):

- Already use a brand manufacturer's website for researching products and usually make purchases there as well: 59%
- Expect better prices on a brand manufacturer's website than on a retailer's website: 50%
- Expect a more engaging experience on a brand manufacturer's website than a retailer's: 37%

“The pendulum is shifting towards the brand, putting greater importance on manufacturers’ websites for sales, research and service.”

Research Brief, 8/22/17
Center for Media Research

RESPONSE TO ADVERTISING

48.1 Preferred Media For Ads

A Harris Poll (www.theharrispoll.com) found that consumers, by age, find the following most useful in deciding what products and services to purchase:

	18-to-34	35-to-44	45-to-55	55 & older	Total
• Television commercials:	50%	38%	35%	23%	37%
• Newspaper ads:	6%	13%	14%	31%	17%
• Internet search engine ads:	10%	15%	16%	16%	14%
• Radio ads:	3%	4%	3%	2%	3%
• Internet banner ads:	4%	1%	1%	<1%	1%
• All media viewed equally:	27%	29%	31%	27%	28%

Harris also found that consumers, by age, find the following most helpful when shopping for bargains:

	18-to-34	35-to-44	45-to-55	55 & older	Total
• Newspaper/magazine ads:	15%	16%	24%	33%	23%
• Online ads:	22%	26%	17%	12%	18%
• Direct mail/catalogs:	15%	13%	14%	10%	12%
• TV commercials:	17%	12%	8%	7%	11%
• Radio ads:	2%	3%	<1%	1%	2%
• All media viewed equally:	31%	31%	36%	36%	34%

CrossView (www.crossview.com) found shoppers' preference for delivery of retail promotions as follows:

• Email:	37%
• Mailer:	23%
• Text message:	18%
• In-store:	11%
• Social media:	9%
• Other:	3%

48.2 Positive Response To Ads

A survey by Truth Central, the thought leadership unit of McCann (<http://truthcentral.mccann.com>), found that 71% of consumers feel positive about the advertising sector, 67% of consumers feel positive about the advertising they see

around them, 57% of consumers say advertising gives them something to talk about, and 39% of consumers say they love advertising. When asked how advertising benefits them, survey participants responded as follows:

- Helps me keep informed about the latest offers: 87%
- Helps me know what the latest trends are: 83%
- Entertains me and makes me laugh: 77%

Microsoft Advertising (www.advertising.microsoft.com) found attitudes toward advertising through four specific platforms as follows:

	Computer	TV	Smartphone	Gaming Console
• Fun to watch:	32%	54%	28%	30%
• Generally like the ads:	29%	46%	25%	26%
• Regularly notice ads:	54%	64%	39%	31%
• More meaningful and relevant:	35%	48%	29%	27%
• Helpful if targeted to preferences:	50%	54%	40%	33%
• Rarely notice ads:	36%	29%	43%	38%
• Very annoying:	58%	43%	62%	43%

48.3 Negative Response To Ads

In a recent Harris Poll, consumers, by age, said they chose not to purchase a certain brand for the following reasons:

	18-to-34	35-to-44	45-to-55	55 & older	Total
• Found the ads distasteful:	37%	34%	32%	37%	35%
• Didn't like the spokesperson:	29%	24%	27%	30%	28%
• Didn't like program or event sponsored by the brand:	26%	26%	26%	30%	27%

A separate Harris Poll found that 91% of consumers ignore at least some types of ads. The following are the types of ads that consumers, by age, tend to ignore or disregard the most:

	18-to-34	35-to-44	45-to-55	55 & older	Total
• Internet banner ads:	43%	50%	48%	45%	46%
• Internet search engine ads:	20%	14%	17%	15%	17%
• Television commercials:	7%	10%	15%	20%	13%
• Radio ads:	11%	10%	9%	7%	9%
• Newspaper ads:	7%	7%	5%	5%	6%
• None of these:	14%	9%	6%	8%	9%

48.4 Response to Irrelevant Ads

Almost every online consumer has received information while visiting a website that has nothing to do with their personal interests or demographics. *Online*

Personal Experience, a survey conducted for Janrain (www.janrain.com) by the Harris Poll, found that people are running out of patience with irrelevant ads.

When asked about their response to irrelevant online ads, responses were as follows:

- I get frustrated with websites when content, offers, ads, promotions, etc. appear that have nothing to do with my interests: 74%
- I would leave the site if asked for donations from a political party that I dislike the most: 67%
- I would leave the site if shown ads for a dating service (response from married survey participants only): 57%
- I would leave the site if shown a recommendation to purchase underwear that is for the opposite gender: 50%

48.5 Ignoring Ads

A recent Harris Poll assessing various types of media found that 92% of adults typically ignore at least one type of ad. Survey participants identified the ads they most ignore as follows (multiple responses allowed):

- Online banner ads: 73%
- Online social media ads: 62%
- Online search engine ads: 59%
- TV ads: 37%
- Radio ads: 36%
- Newspaper ads: 35%

48.6 Ad Influence On Millennials

A survey by Adroit Digital (www.adroitdigital.com) asked Millennials (ages 18-to-33) which advertising media is most influential in how they perceive brands.

Responses were as follows (multiple responses allowed):

- Television: 70%
- Magazines: 60%
- Online display: 42%
- Online video: 39%
- Freestanding kiosks: 31%
- Mobile: 33%
- Radio: 21%
- Billboards: 21%